

**Ambassador Harry K. Thomas, Jr.
Remarks to
American Chamber of Commerce of the Philippines
General Membership Meeting
August 18, 2010**

President Austen Chamberlain, Executive Director Rob Sears, members of the AmCham Board of Directors, and the members of the American Chamber of Commerce of the Philippines,

MAGANDANG HAPON SA INYONG LAHAT!

I am delighted to be here today at the general membership meeting of the American Chamber of Commerce of the Philippines. Thank you for this opportunity. If I may, I'd like to share with you some initial impressions after three months here, our drive to increase U.S. exports to different markets, and my thoughts on how we can work together to advance competitiveness in the Philippines.

For over 100 years AmCham has played a key role in promoting and supporting American business and commercial interests. Government and business leaders alike look to you for direction. I may have to look to you for golf lessons. I am just glad that in my one appearance at the AmCham Golf Tournament no innocent bystanders were wounded.

I have been here just three months now, and already count the Philippines as home thanks to the warm welcome everyone has offered.

I am a relative newcomer to the country, and so I turn to you for assistance. Many of you have already been very generous, and I thank you sincerely for that. I look forward to meeting the rest

of you individually, visiting your companies and workplaces, and learning from you as much as possible.

AmCham has a long history of positive engagement in the Philippines, a record to be proud of. I salute you for building a strong commitment by American business to support the development of both our economies through investment, trade and innovation. United by a shared history, Americans and Filipinos stand together in times of opportunity and in time of challenge. We are very proud to have over four million people of Filipino ancestry contributing to the prosperity and diversity of the United States each and every day, in all walks of life. Filipino veterans who fought side by side with American soldiers from World War I to Vietnam are the most compelling demonstration of the strong bonds and principles our two countries share. More than 100,000 Americans currently live in the Philippines, enjoying the incredible beauty of this country and the wonderful hospitality of the Filipino people. Finally, there are the millions of children who claim both nationalities and who bind us not just as friends, but as family.

While there are many reasons why the Philippines matters to the United States, I believe the key reason the Philippines is vitally important to our country is our shared economic values.

American businesses have been innovators in this market, models of workplace safety, and leaders in employee relations. The U.S. has been a key source of capital, technology, talent and markets. There is a strong and symbiotic relationship between our two economies, which will continue to grow, as long as this engagement is recognized for the strength it brings, and isn't allowed to be stifled by protectionist fears.

These business relationships have many levels. The primary relationship is the one formed by trade and investment, where basic flows of goods and capital are exchanged between two trading partners. The Philippines ranked as the United States' 30th export partner, and the 34th import partner. These business relationships, however, have deepened and become more complex over time, no longer simply marked by the two-way trade of widgets or the remittance of investment profits. Last year the relationship totaled \$12.5 billion of balanced two-way trade between our countries. Simple two-way transactions have transformed into globalized business in both countries interwoven in a globalized relationship.

(The National Export Initiative)

President Barack Obama, during his State of the Union address, set a goal of doubling exports over the next five years – an increase that will support two million jobs in the United States. In a time when millions of Americans are out of work, boosting American exports is a near-term imperative. Our exports support millions of good, high-paying American jobs.

International trade has never been more critical for short and long-term prosperity. Our mission is to support our companies, businesses and products overseas so that American workers, the world's most productive, have access to foreign markets. America will remain an open market and we only ask the same access for our goods, technologies and services.

Let me share with you some of my impressions and initial thoughts from my first three months and lay the groundwork as I understand it of the U.S. Government's role in trade and economic development here in the Philippines.

On the positive side, the Philippines just completed historic automated elections that I think left democratic institutions stronger – a real plus. This country enjoys a free and diverse press, and I must take note of the hazards of being a journalist here and commend those who persevere in the critical profession. Another strength is a dynamic, adaptable work force renowned across the globe for productivity and customer service. Finally there are all of you – business leaders with a proven track record of success, a demonstrated commitment to corporate social responsibility, and a vision for the Philippines' future.

On the other hand, there are major challenges in doing business in this country, including inconsistency of rules, the lack of transparency and an investment regime that limits foreign investment and serves as a barrier to job growth. Many of you have already witnessed how changes in laws and regulations can leave your business operations vulnerable. A business venture and investment depend on stable rules and the sanctity of contracts.

Every investment decision involves risk, but calculating costs and potential rewards, companies can manage that risk. Lack of transparency inhibits greater investor interest. Besides raising the

cost of doing business, it discourages new investment for existing companies to set up shop unless the guidelines are clearly understood.

We are supporting the new Philippine administration in their efforts towards economic reform and fiscal strengthening with support from the Millennium Challenge Corporation, which will provide a grant of over US\$400 million to help jumpstart development.

Given that U.S. businesses represent the largest stock investment in the Philippines, I am hopeful that the AmCham will continue to lend its support for increased U.S. and foreign investment.

Other key issues that my team is working on include the strengthening of intellectual property rights, reduction of non-tariff barriers in the agricultural sector, and government procurement practices, which represent significant constraints to American companies' full participation in the market. In addition, the failure to address issues related to fuel smuggling and the importation of used vehicles create significant challenges to American energy and auto companies operating in the Philippines.

(Active Engagement of U.S Business in the Philippines)

So let's work together on some of these challenges, and indeed you are already well ahead of me here. American companies and their partners have brought a broad range of products and services to the Philippines over many decades. There is something more personal about your

work here, however, and it goes to the heart of what is best about American business in this country.

Great things are happening among American firms here in the Philippines. I have visited some of these firms and met their employees. I have experienced first-hand how American businesses really make a difference.

Capturing the spirit of world-class customer service, making each customer feel important, is the hallmark of the business process outsourcing industry. American BPO operations highlight the incredible skills of the hundreds of thousands of Filipinos employed by this sector. While working for American companies, these workers improve their English language skills and hone their work ethic. I just visited Convergys last week and I was awed by their growth in just over five years. I was impressed how they introduced the concept of meritocracy to the workforce (It's not who but what you know that will get you ahead), as well as the customer service, workplace culture and aura of respect that they instill. For thousands of Philippine youth, working at a call center will be their formative entry-level work experience, and I am impressed with what they are learning.

Manufacturing in the Philippines has faced challenges, such as energy costs and rising wages, but many American companies continue to find the Philippines an excellent location for production, especially for export goods. U.S businesses are also important players in Mindanao, where they employ, either directly or indirectly, thousands of workers. The U.S. Trade and

Development Agency just funded a study to look at expanding hydro-electric power in Mindanao. Our ongoing development partnerships with many in this room provide classrooms, computers, and yes, English classes to youth in Mindanao who aspire to a future distant from conflict. Next month, the U.S. Commercial Service will help promote 10 U.S. companies through the American Showcase at the Oro Best Expo and Mindanao Business Conference in Cagayan de Oro. We hope we will see you there.

The products and services that American companies offer here are well suited to the Philippine market, from a veritable Who's Who of corporate America. I am delighted to see American brands and the "made in the USA" label so warmly accepted, possibly more so than in any other Asian market. That applies to agricultural products as well – I am delighted to see U.S. raisins, flour, cheeses, meat products, wines and more so readily available at Metromarket, SM markets or S&R. In products, in services, in food stuffs, the U.S. brand spells quality, customer service and, increasingly, eco-friendly production.

The U.S. Government has been -- and will continue to be -- your active partner in the promotion of a business-friendly environment. Our entire inter-agency team, the U.S. Commercial Service and State Department/Economic Section, work together to promote a level playing field for U.S. companies in all areas of business. More than that, we are your ally in the effort to make the Philippines a driver in global business, a model for anti-corruption, good governance and educational excellence. President Aquino has set his goals high, but working together I am

confident we can help the Philippines reach its full potential. It will take time, commitment, and perseverance, but it can be done.

The Philippines and the United States have shared so much: families united, battles won and lost, and bridges built, both literally and figuratively. Those bonds continue to grow through our shared aspirations for freedom, prosperity, and justice for our citizens and our friends throughout the world. **ISANG MALUGOD NA KARANGALAN PARA PAGLINKURAN KO ANG AKING BANSANG AMERIKA, at MAS MAHIGIT NA KARANGALAN NA PAGLINKURAN ANG AMERIKA DITO SA PILIPINAS.**

Thank you for the opportunity to meet you today and my team and I look forward to continuing this dialogue with you in the future.

Maraming Salamat sa inyong lahat!